

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SPECIAL SESSION

LEGISLATIVE BILL 77

Introduced by McDonnell, 5.

Read first time July 29, 2024

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 13-522 and 77-5007, Reissue Revised Statutes of Nebraska; and
3 section 77-4212, Revised Statutes Supplement, 2023, as amended by
4 Laws 2024, LB126, section 11; to adopt the Long-Term Resident
5 Homestead Exemption Act; to harmonize provisions; to provide an
6 operative date; and to repeal the original sections.

7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 7 of this act shall be known and may be
2 cited as the Long-Term Resident Homestead Exemption Act.

3 Sec. 2. For purposes of the Long-Term Resident Homestead Exemption
4 Act:

5 (1) Homestead has the same meaning as in section 77-3502;

6 (2) Owner has the same meaning as in section 77-3503;

7 (3) Qualified owner means an owner who has resided in the same
8 homestead for at least ten years as of January 1 of the current
9 assessment year; and

10 (4) School district taxes means property taxes levied on real
11 property in this state by a school district or multiple-district school
12 system.

13 Sec. 3. (1) Homesteads of qualified owners shall be assessed for
14 taxation the same as other property, except that such homesteads shall be
15 eligible to receive an exemption as follows: For purposes of school
16 district taxes only, the homestead of a qualified owner shall be valued
17 at zero.

18 (2) A qualified owner may apply for a homestead exemption under this
19 section by submitting an application to the county assessor of the county
20 in which the homestead is located. Application shall be made on a form
21 prescribed by the Tax Commissioner.

22 (3) The county assessor shall examine each application filed under
23 this section. If the homestead qualifies for an exemption, the county
24 assessor shall (a) approve the application, (b) notify the qualified
25 owner of the approval, and (c) adjust the assessment rolls accordingly.

26 (4) Once a qualified owner has received approval under this section,
27 such owner shall only be required to file a subsequent application in
28 years evenly divisible by five.

29 Sec. 4. If a qualified owner who has received a homestead exemption
30 under the Long-Term Resident Homestead Exemption Act transfers ownership
31 of the homestead or changes the use of the homestead so that part or all

1 of that homestead no longer qualifies for exemption, the qualified owner
2 shall file a certified statement with the county assessor of the county
3 in which the homestead is located, notifying the county assessor of the
4 transfer or change of use not later than sixty days after the date of
5 such transfer or change.

6 Sec. 5. Any qualified owner who receives a homestead exemption
7 under the Long-Term Resident Homestead Exemption Act for any year shall
8 be ineligible to receive a homestead exemption under sections 77-3501 to
9 77-3529 for the same year.

10 Sec. 6. The county treasurer and county assessor shall, on or
11 before November 30 of each year, certify to the Tax Commissioner the
12 total tax revenue that will be lost to all school districts within the
13 county from taxes levied and assessed in that year because of exemptions
14 allowed under the Long-Term Resident Homestead Exemption Act. The Tax
15 Commissioner shall, on or before January 1 next following such
16 certification, notify the Director of Administrative Services of the
17 amount so certified to be reimbursed by the state. Reimbursement of the
18 funds lost shall be made to each county according to the certification
19 and shall be distributed in six as nearly as possible equal monthly
20 payments on the last business day of each month beginning in January. The
21 Director of Administrative Services shall, on the last business day of
22 each month, issue payments by electronic funds transfer. Out of the
23 amount so received the county treasurer shall distribute to each of the
24 school districts within his or her county the full amount so lost by such
25 school district, except that one percent of such amount shall be
26 deposited in the county general fund. Each school district shall, in
27 preparing its annual or biennial budget, take into account the amount to
28 be received under this section.

29 Sec. 7. The Tax Commissioner may adopt and promulgate rules and
30 regulations to carry out the Long-Term Resident Homestead Exemption Act.

31 Sec. 8. Section 13-522, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 13-522 The Auditor of Public Accounts shall prepare budget documents
3 to be submitted by governmental units which calculate the restricted
4 funds authority for each governmental unit. Each governmental unit shall
5 submit its calculated restricted funds authority with its budget
6 documents at the time the budgets are due to the Auditor of Public
7 Accounts. If the Auditor of Public Accounts determines from the budget
8 documents that a governmental unit is not complying with the budget
9 limits provided in sections 13-518 to 13-522, he or she shall notify the
10 governing body of his or her determination and notify the State Treasurer
11 of the noncompliance. The State Treasurer shall then suspend distribution
12 of state aid allocated to the governmental unit until such sections are
13 complied with. The funds shall be held for six months until the
14 governmental unit complies, and if the governmental unit complies within
15 the six-month period, it shall receive the suspended funds, but after six
16 months, if the governmental unit fails to comply, the suspended funds
17 shall be forfeited and shall be redistributed to other recipients of the
18 state aid or, in the case of homestead exemption reimbursement under
19 section 77-3523, returned to the General Fund.

20 Sec. 9. Section 77-4212, Revised Statutes Supplement, 2023, as
21 amended by Laws 2024, LB126, section 11, is amended to read:

22 77-4212 (1) For tax year 2007, the amount of relief granted under
23 the Property Tax Credit Act shall be one hundred five million dollars.
24 For tax year 2008, the amount of relief granted under the act shall be
25 one hundred fifteen million dollars. It is the intent of the Legislature
26 to fund the Property Tax Credit Act for tax years after tax year 2008
27 using available revenue. For tax year 2017, the amount of relief granted
28 under the act shall be two hundred twenty-four million dollars. For tax
29 year 2020 through tax year 2022, the minimum amount of relief granted
30 under the act shall be two hundred seventy-five million dollars. For tax
31 year 2023, the minimum amount of relief granted under the act shall be

1 three hundred sixty million dollars. For tax year 2024, the minimum
2 amount of relief granted under the act shall be three hundred ninety-five
3 million dollars. For tax year 2025, the minimum amount of relief granted
4 under the act shall be four hundred thirty million dollars. For tax year
5 2026, the minimum amount of relief granted under the act shall be four
6 hundred forty-five million dollars. For tax year 2027, the minimum amount
7 of relief granted under the act shall be four hundred sixty million
8 dollars. For tax year 2028, the minimum amount of relief granted under
9 the act shall be four hundred seventy-five million dollars. For tax year
10 2029, the minimum amount of relief granted under the act shall be the
11 minimum amount from the prior tax year plus a percentage increase equal
12 to the percentage increase, if any, in the total assessed value of all
13 real property in the state from the prior year to the current year, as
14 determined by the Department of Revenue, plus an additional seventy-five
15 million dollars. For tax year 2030 and each tax year thereafter, the
16 minimum amount of relief granted under the act shall be the minimum
17 amount from the prior tax year plus a percentage increase equal to the
18 percentage increase, if any, in the total assessed value of all real
19 property in the state from the prior year to the current year, as
20 determined by the Department of Revenue. If money is transferred or
21 credited to the Property Tax Credit Cash Fund pursuant to any other state
22 law, such amount shall be added to the minimum amount required under this
23 subsection when determining the total amount of relief granted under the
24 act. The relief shall be in the form of a property tax credit which
25 appears on the property tax statement.

26 (2)(a) For tax years prior to tax year 2017, to determine the amount
27 of the property tax credit, the county treasurer shall multiply the
28 amount disbursed to the county under subdivision (4)(a) of this section
29 by the ratio of the real property valuation of the parcel to the total
30 real property valuation in the county. The amount determined shall be the
31 property tax credit for the property.

1 (b) Beginning with tax year 2017, to determine the amount of the
2 property tax credit, the county treasurer shall multiply the amount
3 disbursed to the county under subdivision (4)(b) of this section by the
4 ratio of the credit allocation valuation of the parcel to the total
5 credit allocation valuation in the county. The amount determined shall be
6 the property tax credit for the property.

7 (3) If the real property owner qualifies for a homestead exemption
8 under sections 77-3501 to 77-3529 and section 3 of this act or the Long-
9 Term Resident Homestead Exemption Act, the owner shall also be qualified
10 for the relief provided in the Property Tax Credit Act ~~act~~ to the extent
11 of any remaining liability after calculation of the relief provided by
12 the homestead exemption. If the credit results in a property tax
13 liability on the homestead that is less than zero, the amount of the
14 credit which cannot be used by the taxpayer shall be returned to the
15 Property Tax Administrator by July 1 of the year the amount disbursed to
16 the county was disbursed. The Property Tax Administrator shall
17 immediately credit any funds returned under this subsection to the
18 Property Tax Credit Cash Fund. Upon the return of any funds under this
19 subsection, the county treasurer shall electronically file a report with
20 the Property Tax Administrator, on a form prescribed by the Tax
21 Commissioner, indicating the amount of funds distributed to each taxing
22 unit in the county in the year the funds were returned, any collection
23 fee retained by the county in such year, and the amount of unused credits
24 returned.

25 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
26 each county shall be equal to the amount available for disbursement
27 determined under subsection (1) of this section multiplied by the ratio
28 of the real property valuation in the county to the real property
29 valuation in the state. By September 15, the Property Tax Administrator
30 shall determine the amount to be disbursed under this subdivision to each
31 county and certify such amounts to the State Treasurer and to each

1 county. The disbursements to the counties shall occur in two equal
2 payments, the first on or before January 31 and the second on or before
3 April 1. After retaining one percent of the receipts for costs, the
4 county treasurer shall allocate the remaining receipts to each taxing
5 unit levying taxes on taxable property in the tax district in which the
6 real property is located in the same proportion that the levy of such
7 taxing unit bears to the total levy on taxable property of all the taxing
8 units in the tax district in which the real property is located.

9 (b) Beginning with tax year 2017, the amount disbursed to each
10 county shall be equal to the amount available for disbursement determined
11 under subsection (1) of this section multiplied by the ratio of the
12 credit allocation valuation in the county to the credit allocation
13 valuation in the state. By September 15, the Property Tax Administrator
14 shall determine the amount to be disbursed under this subdivision to each
15 county and certify such amounts to the State Treasurer and to each
16 county. The disbursements to the counties shall occur in two equal
17 payments, the first on or before January 31 and the second on or before
18 April 1. After retaining one percent of the receipts for costs, the
19 county treasurer shall allocate the remaining receipts to each taxing
20 unit based on its share of the credits granted to all taxpayers in the
21 taxing unit.

22 (5) For purposes of this section, credit allocation valuation means
23 the taxable value for all real property except agricultural land and
24 horticultural land, one hundred twenty percent of taxable value for
25 agricultural land and horticultural land that is not subject to special
26 valuation, and one hundred twenty percent of taxable value for
27 agricultural land and horticultural land that is subject to special
28 valuation.

29 (6) The State Treasurer shall transfer from the General Fund to the
30 Property Tax Credit Cash Fund one hundred five million dollars by August
31 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

1 (7) The Legislature shall have the power to transfer funds from the
2 Property Tax Credit Cash Fund to the General Fund.

3 Sec. 10. Section 77-5007, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 77-5007 The commission has the power and duty to hear and determine
6 appeals of:

7 (1) Decisions of any county board of equalization equalizing the
8 value of individual tracts, lots, or parcels of real property so that all
9 real property is assessed uniformly and proportionately;

10 (2) Decisions of any county board of equalization granting or
11 denying tax-exempt status for real or personal property or an exemption
12 from motor vehicle taxes and fees;

13 (3) Decisions of the Tax Commissioner determining the taxable
14 property of a railroad company, car company, public service entity, or
15 air carrier within the state;

16 (4) Decisions of the Tax Commissioner determining adjusted valuation
17 pursuant to section 79-1016;

18 (5) Decisions of any county board of equalization on the valuation
19 of personal property or any penalties imposed under sections 77-1233.04
20 and 77-1233.06;

21 (6) Decisions of any county board of equalization on claims that a
22 levy is or is not for an unlawful or unnecessary purpose or in excess of
23 the requirements of the county;

24 (7) Decisions of any county board of equalization granting or
25 rejecting an application for a homestead exemption under sections 77-3501
26 to 77-3529;

27 (8) Decisions of the Department of Motor Vehicles determining the
28 taxable value of motor vehicles pursuant to section 60-3,188;

29 (9) Decisions of the Tax Commissioner made under section 77-1330;

30 (10) Any other decision of any county board of equalization;

31 (11) Any other decision of the Tax Commissioner regarding property

1 valuation, exemption, or taxation;

2 (12) Decisions of the Tax Commissioner pursuant to section 77-3520;

3 (13) Final decisions of a county board of equalization appealed by
4 the Tax Commissioner or Property Tax Administrator pursuant to section
5 77-701;

6 (14) Determinations of the Rent-Restricted Housing Projects
7 Valuation Committee regarding the capitalization rate to be used to value
8 rent-restricted housing projects pursuant to section 77-1333 or the
9 requirement under such section that an income-approach calculation be
10 used by county assessors to value rent-restricted housing projects;

11 (15) The requirement under section 77-1314 that the income approach,
12 including the use of a discounted cash-flow analysis, be used by county
13 assessors; and

14 (16) Any other decision, determination, action, or order from which
15 an appeal to the commission is authorized.

16 The commission has the power and duty to hear and grant or deny
17 relief on petitions.

18 Sec. 11. This act becomes operative on January 1, 2025.

19 Sec. 12. Original sections 13-522 and 77-5007, Reissue Revised
20 Statutes of Nebraska, and section 77-4212, Revised Statutes Supplement,
21 2023, as amended by Laws 2024, LB126, section 11, are repealed.